GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3558
ANSWERED ON:25.08.2006
FOREIGN BANKS
Singh Shri Chandra Bhushan

Will the Minister of FINANCE be pleased to state:

(a) whether foreign banks have prescribed very high minimum balance for keeping accounts in their banks to avoid small savers;

(b) if so, the details thereof; and

(c) the steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c): In terms of current regulations, the banks enjoy autonomy to prescribe the minimum balance in the saving bank accounts maintained with them. Generally, the banks, including foreign banks, fix the minimum balance having regard to the facilities I services offered by them to the account holders such as cheque facilities, ATM facilities, Internet Banking, any branch banking, facilities for transfer of funds, etc. Reserve Bank of India (RBI) has, however, issued instructions to the banks to inform the customers regarding requirement of minimum balance at the time of opening savings bank accounts. RBI has also advised all scheduled commercial banks, including foreign banks, to make available a basic banking `no frills` account either with `nil` or very low minimum balances as well as charges that would make such accounts accessible to vast sections of the population.